

# Electronic Data Interchange

*An Information Brief*

*February 2016*

## Background

The Maryland Health Care Commission (MHCC) annually assesses electronic data interchange (EDI) activity in the State. Code of Maryland Regulations 10.25.09, *Requirements for Payers to Designate Electronic Health Networks*, requires State-regulated payors (payors) with annual premiums of \$1M or more, as well as certain specialty payors, such as Medicare, Medicaid, and Managed Care Organizations, (MCOs) to submit an EDI Progress Report to MHCC annually.<sup>1</sup> EDI is the exchange of structured health care data between computer systems, governed by standards.<sup>2</sup> The Health Insurance Portability and Accountability Act of 1996 (HIPAA) included Administrative Simplification provisions that required the establishment of national standards for electronic health care transactions. These standards include: health plan eligibility, coverage or benefit inquiry (270), health plan eligibility, coverage or benefit response (271); health claim status (276), health claim status response (277); referral certification and authorization (278); health plan premium payments (820); enrollment and disenrollment (834); and claims payment and remittance advice (835).<sup>3</sup>

## 2014 EDI Progress

### *Overview*

Approximately 38 payors, consisting of 27 private payors, nine MCOs, Medicare, and Medicaid, submitted a 2014 EDI Progress Report. This information brief summarizes EDI activities of government payors (Medicare and Medicaid) and the six largest private payors in the State (Aetna Health, Inc.; CareFirst BlueCross BlueShield; Cigna Healthcare Mid-Atlantic, Inc.; Coventry Health Care of Delaware, Inc.<sup>4</sup>; Kaiser Permanente Insurance Company; and UnitedHealthcare).

### *Electronic Claims*

Private payor EDI increased slightly over the last year; overall, EDI activity in Maryland is consistent with the nation.<sup>5</sup> Growth of practitioner and hospital EDI is largely attributed to payors' outreach and education efforts, which includes webinars, newsletters, and site visits.<sup>6</sup> The increase in dental

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<sup>1</sup> Health-General Article, §4-302.1, Annotated Code of Maryland

<sup>2</sup> Use of standards can increase efficiencies and reduce administrative costs; actual savings generated may vary by organization based on efficiencies in workflow.

<sup>3</sup> Public Law 104-191 and 42 CFR Parts 160 and 162

<sup>4</sup> Aetna acquired Coventry Health Care on May 7, 2013

<sup>5</sup> Nationally, 92 percent of claims were submitted electronically in 2013. Council for Affordable Quality Healthcare (CAQH), *2014 CAQH Index, Electronic Administrative Transaction Adoption and Savings*, 2015. Available at: [www.caqh.org/sites/default/files/explorations/index/report/2014Index.pdf](http://www.caqh.org/sites/default/files/explorations/index/report/2014Index.pdf).

<sup>6</sup> In particular, United Concordia credits its campaign held with vendors/clearinghouses that targeted high volume paper billers. Through these campaigns, many vendors/clearinghouses offered free claims

EDI over the last several years is most notable. Historically, most dentists submitted claims with attachments, such as x-rays, perio charts, and narratives on paper. Payor initiatives aimed at building awareness of claim submission requirements and the use of third party repositories for storing digital claim-related information has simplified the process when attachments are required.<sup>7</sup> Business rules adopted by government payors enable nearly, or require, all Medicare and Medicaid claims to be submitted electronically.

<b>Maryland EDI Activity</b> <b>Electronic Claims</b> P=Practitioner • H=Hospital • D=Dental • T=Total %												
Year	Private Payors				Government Payors				Total			
	P	H	D	T	P	H	D	T	P	H	D	T
2011	85.5	85.8	30.6	83.6	96.8	98.2	100	97.2	90.9	91.5	77.9	90.2
2012	86.3	86.7	34.1	84.8	97.4	98.0	100	97.6	91.4	91.9	79.7	90.8
2013	87.5	88.9	36.7	86.3	97.5	98.1	100	97.8	92.2	93.4	83.4	91.9
2014	90.3	89.9	48.9	89.1	97.8	98.4	100	98.1	94.0	94.2	85.8	93.6
<b>Growth Rate<sup>8</sup></b>	<b>1.8</b>	<b>1.6</b>	<b>16.9</b>	<b>2.2</b>	<b>0.3</b>	<b>0.1</b>	<b>0.0</b>	<b>0.3</b>	<b>1.1</b>	<b>1.0</b>	<b>3.3</b>	<b>1.2</b>

*Note: "Total" includes the combined percentage for all claim types.*

### *Other Administrative Transactions*

HIPAA requires payors to accept electronic health care transactions. Most payors support a combination of EDI batch transactions and direct data entry through a web-based portal. Batch transactions enable providers to submit requests for multiple individuals through an automated process. Web-based transactions typically require providers to manually enter information on an individual basis. Batch transactions usually have a turnaround time associated with the transaction whereas web-based transactions are processed in real-time. Over the last year, CareFirst enhanced their systems to accept 278 transactions via a web-based portal and 820 transactions by batch. Cigna added the acceptance of batch for 270/271, 276/277, and 278 transactions. In addition, Kaiser began accepting batch for 270/271, 276/277, and 835 transactions. Cigna and United are the only payors to support EDI for all batch transaction types.

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submission for a period of time; many dental providers that took advantage of the free trial service realized the benefits and continued to send their claims electronically.

<sup>7</sup> Third party repositories assign electronic control numbers to all attachments. Providers include these electronic control numbers in a field on the EDI 837D, a format established to meet HIPAA requirements for electronic transactions involving the submission of dental claims information. The electronic control numbers allow payors to locate and view attachments with a corresponding claim.

<sup>8</sup> The compound annual growth rate is a measure of growth over multiple time periods

## Administrative Transactions

Web-Based (W) vs. Batch (B)

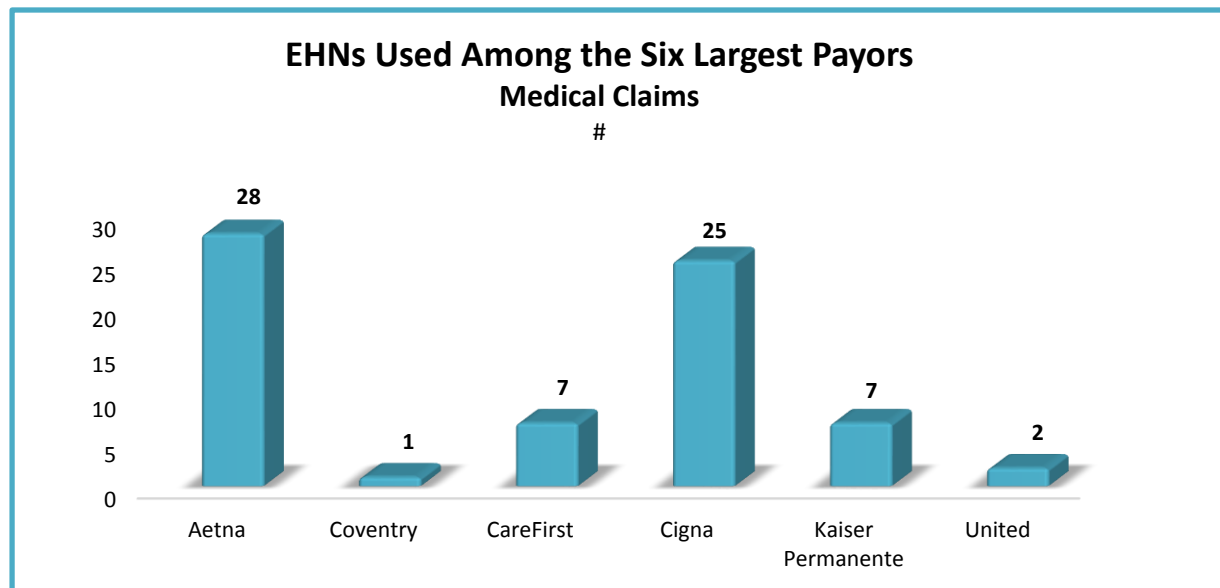
Payor	270/271				276/277				278				820				834				835			
	2011		2014		2011		2014		2011		2014		2011		2014		2011		2014		2011		2014	
	W	B	W	B	W	B	W	B	W	B	W	B	W	B	W	B	W	B	W	B	W	B	W	B
Aetna	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓			✓		✓		✓		✓		✓		✓
CareFirst	✓		✓		✓		✓				✓				✓	✓	✓	✓	✓		✓		✓	
Cigna	✓		✓	✓	✓		✓	✓	✓		✓	✓		✓		✓		✓		✓		✓		✓
Coventry	✓		✓		✓		✓		✓		✓			✓		✓		✓		✓		✓		✓
Kaiser	✓			✓	✓			✓													✓			✓
United	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓		✓		✓		✓		✓
<b>Total (#)</b>	<b>6</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>5</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>6</b>

Note: \*Denotes missing data as reported by United.

(✓) Denotes the exclusion of dental for the specified transaction type; information unavailable for 2011.

## Electronic Health Networks

Payors that accept electronic health care transactions originating in Maryland are required to accept transactions from a nationally certified Electronic Health Network (EHN).<sup>9</sup> EHNs function as intermediaries between payors and providers for purposes of routing transactions and completing transaction integrity validation and reporting. Approximately 40 EHNs are certified in the State; certification requires EHNs to meet industry standards around privacy and security among other things.<sup>10</sup> The majority of payors in Maryland report accepting transactions from two or more EHNs. Aetna and Cigna accept transactions from more than one-half of all certified EHNs.



<sup>9</sup> COMAR 10.25.07, *Certification of Electronic Health Networks and Medical Care Electronic Claims Clearinghouse*.

<sup>10</sup> For more information about the certification process, visit:  
[mhcc.maryland.gov/mhcc/pages/hit/hit\\_ehn/hit\\_ehn.aspx](http://mhcc.maryland.gov/mhcc/pages/hit/hit_ehn/hit_ehn.aspx).

## Remarks

Ongoing payor and provider efforts to increase EDI statewide are laudable. Significant EDI growth has occurred in Maryland since Congress enacted HIPAA. Over the last 15 years, use of standards has led to administrative efficiencies in claim processing costs and turnaround time. The average cost of processing a paper claim is about \$1.36 as compared to roughly \$0.99 for an electronic claim.<sup>11</sup> Most payors process paper claims in about 30 days while electronic claims can often be processed in real-time. Health care reform efforts underway will likely continue to spur EDI growth as payors and providers seek to benefit from increased efficiencies in value-based care delivery models.

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<sup>11</sup> America's Health Insurance Plans, *Rise in Electronic Claims Submission Speeds Up Receipt, Processing Time*, February 5, 2013: [www.ahip.org/News/Press-Room/2013/Rise-in-Electronic-Claims-Submission-Speeds-Up-Receipt-Processing-Time.aspx](http://www.ahip.org/News/Press-Room/2013/Rise-in-Electronic-Claims-Submission-Speeds-Up-Receipt-Processing-Time.aspx).